

# **FISCAL NOTE**

## **SB 3336**

January 30, 2008

**SUMMARY OF BILL:** Increases the annual Hall Income Tax standard income exemption level for taxpayers sixty-five years of age or older from \$16,200 to \$35,000 for single filers and from \$27,000 to \$70,000 for joint filers.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$10,625,000 / FY09-10 and thereafter**

**Decrease Local Gov't. Revenue - \$6,375,000 / FY09-10 and thereafter**

Assumptions:

- Current state law levies the Hall Income Tax on income derived from stock dividends and bond interest.
- Each person, partnership, association, trust and corporation within the state who receives, accrues, or is otherwise credited during any year income from the above sources shall pay a six percent tax on such income.
- Because the majority of income tax revenues are received during the April filing season for the previous tax year, and due to January 1, 2009 enactment date, the impact of this legislation is estimated to occur in FY09-10.
- According to the Department of Revenue, taxpayers age 65-and-over with income levels between the current exemption levels and the proposed exemption levels will pay approximately \$17,000,000 in Hall Income Tax in FY09-10.
- Current law distributes five-eighths (62.5%) of all Hall Income Tax revenue to the state's general fund and the remaining three-eighths (37.5%) among the cities and counties of the state.
- The decrease to state revenues is estimated to be \$10,625,000 ( $\$17,000,000 \times 62.5\% = \$10,625,000$ ) per year.
- The decrease to local government revenues is estimated to be \$6,375,000 ( $\$17,000,000 \times 37.5\% = \$6,375,000$ ).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/rnc